



THE ILPA OPPOSES FINANCIAL CHOICE ACT PROVISIONS EXEMPTING PRIVATE EQUITY FROM SEC REGISTRATION

Repealing SEC Requirements Will Harm Critical Investor Protections and Flow of Information

April 27, 2017 – (Washington, DC) -- The Institutional Limited Partners Association (ILPA) continued to express strong opposition today to provisions included in the Financial CHOICE ACT of 2017 which eliminate the requirement that investment advisers to private equity funds register with the SEC. In [a letter to the House of Representatives Financial Services Committee](#), the ILPA asserted that Sections 858 and 859 of the bill will hurt limited partners (LPs) and their beneficiaries by removing regulatory oversight that has successfully enforced transparency and ensured compliance with mandatory reporting procedures since its inception. Such protections would not otherwise be afforded to LPs.

In the letter addressed to Committee Chairman Jeb Hensarling (R-TX) and Ranking Member Maxine Waters (D-CA), ILPA CEO Peter Freire stated:

“As a result of increased SEC oversight and, in particular, through the efforts of the SEC’s Private Fund Examination Unit, our members have seen increased transparency and disclosure of fees and expenses by fund managers, improved fund manager compliance with the terms in the contracted investment agreements and a significantly improved culture of compliance and voluntary disclosure from fund managers. A strong SEC enforcement regime, which could not effectively operate without registration, is evidenced by the 10 significant settlements reached with major private equity fund advisers since 2014. This enforcement regime has ensured that the SEC has the power needed to ensure a level and fair playing field for all parties.”

The letter cited the 2014 speech by head of the SEC’s Office of Compliance, Andrew Bowden who asserted that the SEC found in their examinations “violations of law or material weaknesses in controls over 50% of the time.”

The ILPA shared that its membership comprises more than 400 institutional investors around the globe. These investors – or limited partners – who serve as the primary source of private equity capital represent millions of beneficiaries including retirees, teachers, first responders, universities, charitable and research foundations and insurance policy holders, all who have benefitted from the oversight and transparency that SEC registration and enforcement has provided. The ILPA urged the Committee to remove Sections 858 and 859 from the CHOICE act to allow the private equity industry to continue to flourish in a safe environment.

About The ILPA

The ILPA is the only global, member-driven organization dedicated exclusively to advancing the interests of private equity Limited Partners through industry-leading education, research, advocacy and networking.

Contact:

Emily Mendell

Head of Marketing and Communications, ILPA

emendell@ilpa.org

610-565-4692